

# California Department of Corrections Financial Information Memo

<b>SUBJECT:</b>	<b>FIM NUMBER:</b>
<b>MONITORING EMPLOYEE ACCOUNTS RECEIVABLE</b>	<b>2001-03</b>
<b>REFERENCES:</b>	<b>DATE: April 5, 2001</b>
<b>STATE ADMINISTRATIVE MANUAL SECTIONS 8072, 8593.3, 8595 8710, 8776.6, 8776.7, 8790.5, 8790.7, 20003 GOVERNMENT CODE SECTIONS 13403, 19838 ACCOUNTING INFORMATION MEMO 99-09</b>	

## **DISTRIBUTION**

Associate Wardens, Business Services  
Deputy Director, Human Resources Division  
Headquarters Accounting Services Section  
Headquarters Personnel Office  
Institution Personnel Offices  
Institutional Regional Administrators  
Regional Accounting Office Managers

## **PURPOSE**

The purpose of this Financial Information Memo (FIM) is to inform the California Department of Corrections (CDC) Personnel Offices and Accounting Offices the procedures to monitor accounts receivable for employees.

## **DISCUSSION**

Employee accounts receivable are established when overpayments to employees are discovered. Overpayments occur for various reasons, such as, certification of incorrect salary rates, effective dates, time worked, key entry errors, release of duplicate payments, under-withholding of taxes or other payroll deductions, (Payroll Accounts Receivable); or an excessive advance issued from the Office Revolving Fund (Salary Advances). Pursuant to Government Code (GC) Section 19838 and State Administrative Manual (SAM) Section 8776.7, when salary overpayments occur reimbursement to the State is required. The CDC is not in compliance with the GC and the SAM when Payroll Accounts Receivable and Salary Advances are not cleared timely. The CDC Personnel Offices must make collection of salary overpayments a priority.

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### **BACKGROUND**

The personnel office where the employee worked when the overpayment occurred is responsible for recovery of the overpayment on behalf of the State. If the employee has since transferred to another institution/department, the personnel office where the overpayment originated is to arrange with the current institution/department to collect. There is no provision in the GC or in any Memorandum of Understanding for “forgiving” a salary overpayment for the employee who received proper and timely notification even when the overpayment occurred through no fault of the employee.

After discovery of a salary overpayment that generates an accounts receivable, collection efforts should begin immediately. Payroll deduction is the CDC standard because it is the most efficient use of staff time and allows for flexible repayment plans for the employee.

After discovery of a salary overpayment generated by an excessive salary advance, collection is to be immediately initiated by the personnel office from any and all subsequent paychecks.

### **ACTION REQUIRED**

Accounting offices will provide monthly progress reports for personnel offices by the 15<sup>th</sup> of each month. The monthly progress report summarizes the collection activities for accounts receivable and salary advances. The Headquarters Accounting Services Section (HASS) will provide a monthly progress report to the Deputy Director, Human Resources Division (DDHR) for the Headquarters Personnel Office. The Regional Accounting Offices (RAO) will provide a monthly progress report to the Associate Wardens, Business Services (AWBS) for the Institution Personnel Offices. The DDHR and AWBS will assure the report is completed and returned to HASS/RAO by the 30<sup>th</sup> of each month.

The Payroll Accounts Receivable Status Report, [Attachment A](#), is the progress report for both accounts receivable and salary advances. The report displays documents with no activity for 90 days or more for overpayments. The personnel office must review the report and initiate collection activities, or inform the HASS/RAO of when collection is anticipated. All reported overpayments must have an employee notification letter on file at the HASS/RAO. Accounting Information Memo (AIM) 99-09, Page 3, outlines the personnel procedures to provide accounting copies of employee notification(s) and repayment agreement(s).

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Within 30 days of the end of each quarter, accounting offices will consolidate and report accounts receivable and salary advance collection activity to the Accounting Policies and Procedures Section. This quarterly reporting will allow monitoring the collection status of all employee accounts receivable. The quarterly compiled accounts receivable and salary advance management reports will be provided to the Chief Deputy Director Support Services, Chief Financial Officer and Institution Division Regional Administrators as a tool to monitor the progress made by CDC Personnel and Accounting Offices in this important area.

If you have further questions regarding the employee accounts receivable collection process, please refer to AIM 99-09 dated June 17, 1999. Please contact your accounting office for questions regarding this FIM.

***ORIGINAL SIGNED BY:***

WENDY STILL

Chief Financial Officer

Office of Financial Management

cc: Chief Deputy Director, Support Services  
Deputy Director, Institutions Division  
Wardens  
Office of Personnel Management  
Regional Accounting-Administrators  
Accounting Management Branch  
Accounting Policies and Procedures Section

# California Department of Corrections Financial Information Memo

State of California

Department of Corrections

## Memorandum

Date : (by the 15<sup>th</sup> of the month)

To : (Associate Warden, Business Services)

**SAMPLE**  
Transmittal Letter to the AWBS  
From Accounting Offices

Subject: **EMPLOYEE ACCOUNTS RECEIVABLE REVIEW**

This memorandum is to transmit the current month's Employee Accounts Receivable Over 90 Days or More report. The report needs to be reviewed by your staff and returned to your liaison by the 30<sup>th</sup> of the month with comments.

The attached report provides:

- The Employee Name
- The last four digits of their Social Security Number
- The Accounts Receivable Document Number
- The Original Amount and Current Balance of the Accounts Receivable
- Comments by the Accounting Office on the status, and  
a section for comments by your Personnel Office

This report is prepared for the accounts receivable staff to review and make comments on the status of open accounts receivable. The supervisory staff at the (*Accounting Office*) then reviews the comments and takes any necessary action. To assist your staff in monitoring accounts receivable, the report is then provided to you. Please have your staff review these documents against your records and initiate collection activities, or inform your liaison of when collection is anticipated. Shaded items are internal notations only and do not require action from you staff.

The (*Accounting Office*) will be providing this information to your organization throughout the year. Each month you will receive a new report which will include an update of the prior report. Should you discover any other items you wish to address, please contact your liaison and they will assist you with your concerns.

Your cooperation in this area is appreciated. If you have any questions concerning this memorandum, please contact your liaison at (xxx) xxx-xxxx.

(ACCOUNTING OFFICE MANAGER)

Attachments  
cc: Liaison